

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2014-346-WS

IN RE:

Application of Daufuskie Island Utility
Company, Inc. for Approval of an
Adjustment for Water and Sewer
Rates, Terms, and Conditions

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**RESPONSE TO PETITION FOR
APPROVAL OF BOND**

Haig Point Club and Community Association, Inc. (“HPCCA”), Melrose Property Owner’s Association, Inc. (“MPOA”), and Bloody Point Property Owner’s Association (“BPPOA”) (together “POAs”) hereby respond briefly to the Petition for Approval of Bond (“Petition”) filed by Daufuskie Island Utility Company, Inc. (“DIUC”) on January 20th.

DIUC’s calculation of a \$700,000 bond does not include the interest required by S.C. Code Ann. § 58-5-240 (D):

All increases in rates put into effect under the provisions of this section which are not approved and for which a refund is required shall bear interest at a rate of twelve percent per annum. The interest shall commence on the date the disallowed increase is paid and continue until the date the refund is made.

Accordingly, \$700,000 would bear annual interest of \$84,000.

In addition, DIUC’s calculation presumes a timeframe during which this matter will be on appeal- one year- that is inconsistent with past Commission practice using *two* years to calculate an appropriate bond. DIUC’s calculation of additional revenue presumes that the rates would be in effect while this matter is on appeal for only one year (\$175,000 per quarter x 4 quarters= \$700,000). However, this Commission has approved bonds that calculate

“additional annual revenue” based upon a two-year appeal period.¹ Accordingly, in order to ensure that DIUC customers are fully protected in the event a refund is appropriate following an unsuccessful appeal, a “reasonable amount” would be based on *two* years of additional revenue (\$1,400,000), and include 12% annual interest (\$84,000) for two years (total interest of \$168,000), resulting in a bond amount of \$1,568,000.

For the foregoing reasons, the POAs request that the Commission consider the above in setting any bond, and grant such other relief as is just and proper.

Respectfully submitted,

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January 8, 2016
Columbia, South Carolina

¹ See *In Re: Application of United Utility Companies, Incorporation for Adjustment of Rates and Charges and Modification to Certain Terms and Conditions for the Provision of Water and Sewer Service*, “Order Approving Surety Bond,” Docket No. 2009-479-WS, Order No. 2010-543 issued August 12, 2010 (approving proposed bond “based on the additional amount of revenues which would be generated had the Commission approved the requested increase with the agreed upon adjustments *over a period of two years*”); See also *In Re: Application of Total Environmental Solutions, Incorporated (TESI) for Approval of an Adjustment of Rates and Charges for Water and Sewer Services*, “Order Granting Motion to Set Bond,” Docket No. 2004-90-W/S, Order No. 2005-450 issued August 25, 2005 (calculating the bond assuming “that the appeal will take two years . . .”

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2014-346-WS**

RE:

Application of Daufuskie Island Utility)	
Company, Inc. for Approval of an)	CERTIFICATE OF SERVICE
Adjustment for Water and Sewer)	
Rates, Terms, and Conditions)	

This is to certify that I have caused to be served the Response to Petition for Approval of Bond of Haig Point Club and Community Association, Inc. ("HPCCA"), Melrose Property Owner's Association, Inc. ("MPOA"), and Bloody Point Property Owner's Association ("BPPOA") via electronic mail service as follows:

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s/John J. Pringle, Jr.
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February 1, 2016
Columbia, South Carolina